PETROBRAS

10 March 2008

Minerals Management Service
Regulations and Standards Branch (RSB)
381 Elden Street, MS - 4024
Herndon, VA 20170-4817

RE: Oil and Gas and Sulphur Operations in the Outer Continental Shelf-Pipelines and Pipeline Rights-of-way, 1010-AD11

Ladies and Gentlemen:

In accordance with notices published in the Federal Register dated 3 October 2007 and 21 February 2008, Petrobras America Inc (PAI) respectfully submits herewith, comments with respect to the proposed rule making referenced above.

PAI would first express appreciation to the Minerals Management Service (MMS) in recognizing the need to consolidate and codify the various LTL, NTL and CFR references that make up the guidelines currently followed by MMS and industry for the purpose of permitting and operating pipelines in the OCS. The proposed rule appears to make great strides in outlining and detailing the permitting and reporting guidelines by addressing all phases of pipeline systems, from inception to abandonment. Although the proposed rule as written appears to be somewhat lengthy and complex, even burdensome, a level of clarity is apparent.

PAI will follow the format provided by MMS in the proposed rule, as we address concerns or issues noted in our review.

In general, PAI does not see the necessity or benefit of the proposed changes to the definitions in section 250.105. Further, definitions proposed in section 250.1000 raise some language and definitions that could be considered objectionable. For example, it is not clear from the proposed language when a subsea manifold is 1) major 2) an accessory or 3) an appurtenance. It is not clear whether a jumper is an accessory or a pipeline as well as an appurtenance. A pigging loop should be defined as an appurtenance, an accessory or a pipeline. Industry has accepted that MMS assigns a segment number to an umbilical yet 'umbilical' is not specifically addressed or defined. New or unusual technology to the Gulf of Mexico (GoM) may be neither new nor unusual around the world. New or unusual technology is generally addressed with the technical assessment and operations support section (TAOS). Indication by the proposed language is that the responsibility for review of new and unusual technology has now shifted to the pipeline section. Definitions for 'live bottoms', 'potentially sensitive biological features' and 'topographic features' would be better addressed by the geological and geophysical (G&G) group and/or addressed in Section 250.105.

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PAI would agree that all operators should incorporate an information system which keeps track of records of inspection reports, inspection recommendations, plans, and monitoring and/or performance indicators, however, with respect to proposed section 250.1001(b), the record keeping requirement proposed to be placed on operators here is voluminous and should have some language to grandfather existing pipelines, especially those that a current operator has acquired.

We see no benefit in the proposed language change in proposed section 250.1004. It is not clear when pipelines are or are not subject to 49 CFR parts 192 and 195.

Proposed section 250.1005(a)(2) should be clarified. The operator of the pipeline may not have facilities near their pipeline. Additionally, operators with facilities not associated with 'nearby' pipelines are not and should not be held responsible for those pipelines.

The table in proposed section 250.1006 is beneficial however, the language is objectionable. 'All' OCS pipelines in subsection (a) includes DOT pipelines which would be a conflict. Timing in subsection (d)(1) of 45 days is objectionable since 90 days has been an acceptable standard and MMS has not supported the necessity for the proposed change. Subsections (d)(8), (18), (19), (20), (22), & (23) should all be 90 days. Additionally, MMS makes no commitment to turnaround of approvals. In fact, why did MMS remove the 30 day processing time in proposed 250.1007?

Section 250.1008 (a) language is too broad. There is no reason to notice terminated ROW grant holders for anything.

MMS pipeline section should commit to a reasonable time frame for applications to be considered complete as well as time for a completed application to be approved in Section 250.1009. PAI respectfully proposes 30 days to review an application for completeness and 90 days for approval after it is deemed complete, for MMS consideration. Same notation could be made for section 250.1012.

Requirements for resubmitting shallow hazard information in Section 250.1021 is redundant if the information has already been provided in a DOCD or EP.

The information requirements in proposed section 250.1022, especially subsections (d) and (e) are voluminous and unnecessary. What possible benefit could be gained by MMS with this information especially as related to pipelines? Vessel discharges are covered under USCG jurisdiction. Again, there is no justification for this information being required in a pipeline application.

Similar questions arise for proposed section 250.1023. Onshore support bases and vessels are most times short lived, temporary and subject to frequent changes that do not and should not concern the MMS and should not be a regulated issue.

Biological and archeological information (proposed section 250.1026) and oil and hazardous substance spill response information (proposed section 250.1028) is already on

file with the MMS via the DOCD and/or EP. Resubmitting this information is redundant and burdensome to both the MMS and industry.

Proposed section 250.1030 would require a project specific Environmental Impact Analysis (EIA) for ROW pipelines. This is an arduous burden to put on industry especially in light of the fact that EIA's have traditionally been carried out by MMS. MMS should clarify how this is justified. At a minimum, MMS should provide specific parameters for requiring an EIA on a proposed ROW pipeline. Or MMS should justify the need or practicality of requiring EIAs across the board as many proposed ROW pipelines should be exempted from this requirement.

MMS should justify changing the proposed design life of anode cathodic protection system to 30 years instead of current 20 years in section 250.1034(d). How many fields even have 30 years of projected life?

Proposed section 250.1041 requires notification to USCG. This should not be mandated in an MMS regulation.

Section 250.1050, implementation of an H2S contingency plan imposes an undue burden on operators to identify and confirm what third parties are transporting in their pipelines that would require adherence to this proposed rule.

As noted previously, any changes that shorten the submittal time requirements, proposed section 250.1051 for construction reports or as-built plats or drawings should remain at 90 days or MMS should provide valid justification for changing this requirement. In subsection (a)(5), the 200' deviation should be expanded based on applicable water depth of the installation. A deviation restriction of 200' in water depths of 1500' and deeper should receive some dispensation. And again, subsection (c) requires notification to another agency without a requirement from said agency and should be omitted.

Current rule allows for one plan for multiple risers on the same floating facility however, the proposed section 250.1053 would require extra time and resources of both industry and MMS in requiring plans for each riser. Additionally, the timing restraints for submittals of the CVA reports are neither practical nor realistic. Summary and interim reports are additional fluff that serves no useful purpose. Submittal requirements for design likely will stall projects if fabrication cannot begin on some long lead items while design continues to be worked. CVA work is understood to be verification. Recommendations for in-service inspection frequencies and methods and cleaning recommendations are not verification and clearly go beyond the normal function of CVA agencies. Fabrication reports being required before beginning pipeline installation will likely cause costly delays and will be impossible in some applications without adversely affecting the project. And again, 90 day requirement for submittal of installation reports should be retained.

Proposed sections 250.1058, 1059, 1060 and 1061 should contain language allowing the use of calibrated electronic digital gauges. Additionally, daylight only testing hours

should be revised. Current practice also allows for hydrotesting onshore of certain short segments and jumpers with a leak test after installation. Language should be proposed within the rule to allow this activity without the need for a waiver for these activities.

Redundant safety equipment in proposed section 250.1067 is not consistent with current rule, current mandate of TAOS section or API RP 14C.

Safety equipment 'failures' do not necessarily require pipeline shut-in as proposed in section 250.1069 and MMS should provide allowances or parameters to ensure 'safe' action mandates best course of action. If pipeline is shut-in immediately due to failed safety equipment there is no need for notification. Once repairs have been made, operations should be allowed to resume without notifications if functions of safety equipe have not changed.

There is no guidance in proposed section 250.1078 for documentation/record keeping. This could be very subjective in nature and voluminous without guidance or parameters. PAI believes that if MMS is to require these records, MMS should provide the requirements that would include upset flow parameters such as pressure and temperature. Further, PAI supports operators having established procedures, operations and maintenance manuals, integrity management policies or guidelines and generally that each pipeline should have an IM strategy (procedures, inspection plan, analysis and monitoring) however, it is not clear that mandating these pursuant to the proposed section 150.1079 is justified or in the best interest of the industry or MMS. MMS has provided no justification and in fact industry record does not justify the burden of requiring these additional plans. Industry would need ample time to put these plans together and it is not apparent that MMS has considered time and expense to industry to meet a requirement such as this. Again, grandfathering existing pipelines or staging the timeline to develop these plans should be addressed by MMS. MMS should consider the burden proposed to be placed on operators to establish baseline assessments, hydrotest active pipelines or pig non piggable segments already in place.

Once again, the definitions proposed in section 250.1086 should allow a minimum of 90 days, maybe as much as 180 days, for notifications and reports for out of service pipelines out of service reports and notifications. Similarly, proposed section 250.1093 and 1094 describing modification reports and repair reports should be afforded plenty of time, certainly not shortened as proposed. It may take operators some time to determine the best course of action for dealing with an asset such as a pipeline that has become inactive as well as finalizing all reports after activities are completed.

Survey requirements in proposed section 250.1101 are too stringent. There is no justification for visual inspections that often. Clarification should be made as to alternative means and consideration to ROV inspections or trawling test scope on less frequent basis should be considered.

PAI would suggest that MMS change the prescriptive inspection frequency on dynamic risers, into inspection frequency established by risk based inspection. Additionally, PAI

proposes consideration be made to inspecting pipelines after storm and earthquakes only when conditions have surpassed design limits. In deepwater operations there are many times no anchors. Suggest pressure testing (up to MAOP) after suspected ground movement. There should be some combined effort between MMS and operators to jointly monitor the storm/earthquake conditions and call for inspections should have a basis due to conditions other than blanketing a suspected area.

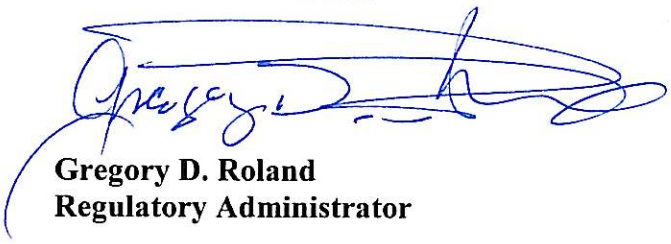
MMS should commit to a 30 to 45 day approval process for decommissioning applications proposed in 250.1110.

Increases in annual pipeline fees are out of proportion in proposed section 250.1130. MMS should establish an escalation of annual pipeline fees depending upon remaining design life. The older or smaller pipeline should have less of an increase than the larger or newer pipeline. Again, MMS should consider grandfathering existing pipelines.

In summary, it appears that the new proposed rule is a departure from MMS' performance based language, expectations and requirements of the past. Agency cycle time for processing and responding to permits is not addressed. Notifications to other federal agencies, stakeholders and operators are unnecessarily excessive as well as problematic. And finally, there are numerous redundant reporting and excessive information requirements placed on industry. Justification has not been provided supporting the proposed changes as necessary for safety, prevention of spills, prevention of conflicts with other uses of OCS, prevention of harm or damage to the human, marine or coastal environment or the support of reliable transportation.

Should you have questions concerning these comments please contact me directly at 713.808.2881 or by e-mail to groland@petrobras-usa.com.

Sincerely,
Petrobras America Inc.



Gregory D. Roland
Regulatory Administrator